Executive Summary

Shelter or Home is considered as one of the most basic human needs and it has become an integral part of every human being. For many owning a house is a dream from childhood. It is believed that buying a house is a productive asset and treated as lifetime investment, because of this generally assistance is required in the form of h o u s i n g loan.That is reason housing loan became important. Owing a House is a crucial issue any individual in the present society. House facilitates a physical frame work to the individual in which the social, monetary and financial assets are discharged. Across the world housing is a burning issue including India. Around one-fourth of the population do not have enough shelter to live. Towards this easy access to finance at affordable rates has become an essential pre-requisite for accelerating the growth of housing activity.

Housing is the single largest investment of any individual. Previously in our country to own a house the salaried class depends on their provident fund as well as gratuity which are generally received after retirement. Now in our country there is a change, today no stigma is attached to own a house with borrowed funds. People have started depending on the financial institution who are lending for housing sector that may be from Banks or housing finance companies Now a days home loans have emerged as a major lending in the country. These lending institutions started fulfilling the shortage of housing in India. In the recent years the housing finance is growing at a rapid speed and the need for home loan got increased. The main reasons are ready access to borrowing, affordable rate of interest, increase earnings and attractive tax benefits etc.

It can be understood that for rich community owning a house is not a problem, whereas for the economically poor and middle-class families it is a major problem. So, the lenders should target to serve these segments of the population for better economic development of the country. In India, though the major lenders are focusing on various services, whereas they have to focus on satisfying the customers. In future the entities lending towards the housing will have to face a stiff competition. This will force the public sector banks to come out with required strategies to face the competition. Across the world Housing finance is undergoing tremendous changes and now they have acquired great significance in the context of liberalization, globalization and modernization.

The study mainly aims towards the studying the performance of public sector banks in Telangana with regard to extending home loan services to their customers and in addition to measuring the service extended by the select public sector banks.

In India Housing loan industry is developing at a rapid pace of 30% p.a. mainly because of decreasing interest rates. Now a days the interest rates have become more or less similar across the housing finance institutions. At this juncture, it has become difficult for the public sector banks, private sector banks and also other housing finance institutions to take a long term call on rate of interest as a competitive tool. In this situation a deeper analysis of the socio-economic profile of the target customers and designing a special product of home loan accordingly is the only competitive tool to differentiate themselves from other lenders.

Though many studies were conducted by various researchers related to the performance of housing loans segment but a limited studies have been done in terms of its relationship with Socio-economic profile of the housing loan borrowers.

In this context, an attempt has been made to study and evaluate the performance of public sector banks related to housing loan. The study can be treated as unique in its kind that is going to extend multiple number of managerial and also social implications to the Bank officials, policy makers and also researchers.

The main objective of the study is an attempt to analyse various critical socio-economic factors that are impacting the growth patterns in housing loan portfolios of the public sector banks. The secondary objectives of the study is to measure the business performance of the public sector banks in housing loan segment from two broad perspectives namely the inside-out perspective and outside-in perspective, and also to evaluate the relationship of socio-economic profile ofthe housing loan borrowers with the business performance of public sector banks in housing loan segment, to propose certain housing loan portfolios to match the socio-economic profile of thehousing loan borrower. The study is divided into following chapters:

Chapter I: Introduction
Chapter II: Literature Review
Chapter III: Research Methodology
Chapter IV: Data Analysis and Interpretation
Chapter V: Findings, Recommendations and Conclusion